FACT #2

American consumers enjoy the safest, most abundant, and most affordable food supply in the world for 10.9% of income — less than consumers in any other country. In any case, the 2002 Farm Bill cannot depress farm prices and increase food prices at the same time.

As President George W. Bush stated when he signed the bill, the 2002 Farm Bill provides a safety net for farmers "without encouraging overproduction and depressing prices."

The same critics of U.S. farm policy predicted that the Agricultural Risk Protection Act, which made improvements to the Federal Crop Insurance Program, would depress prices by causing overproduction – and they were wrong. Since the Agricultural Risk Protection Act was signed into law, total production of major crops has actually fallen – not increased – by over 3 million acres.

The same critics of U.S. farm policy predicted that providing emergency economic assistance to farmers over the last 4 years would depress prices by causing overproduction – and they were wrong.

"Our farmers are the most efficient in the world. In no other country do so few people produce so much food to feed so many at such reasonable prices."
-President Dwight D. Eisenhower

When comparing production in the year before emergency economic assistance was offered to production in the 2001 crop year, production of major crops actually fell – not increased - by over 7 million acres. The U.S. Department of Agriculture estimates production levels will remain unchanged from 2001 to 2002, the first year of the new Farm Bill.

"It will not be doubted that with reference either to individual or national welfare, agriculture is of primary importance... Institutions for promoting it grow up, supported by the public purse; and to what object can it be dedicated with greater propriety?"
-President George Washington

The 2002 Farm Bill encourages farmers to produce for the market rather than overproduce for farm bill benefits.

Since most help to farmers under the 2002 Farm Bill is consistent with the 1996 Farm Bill and based on past production history rather than current production ("decoupled" from current production), farmers are encouraged to produce for the market rather than farm bill benefits, limiting incentives to overproduce.

To the extent there is any effect on production at all, FAPRI estimates it would be minute - less than one-half of one percent.

According to Dr. Keith Collins, the U.S. Department of Agriculture's chief economist, sharply increased world crop production beginning in 1996/1997 and the decline in world economic growth in 1998 caused crop prices to plummet to current record lows.

In fact, larger factors such as world production and currency values, not U.S. farm policy, drive price and production.